

Summary of Changes Announced in Mortgagee Letter 2006-15

Future Delinquency Reporting Requirements

I. Reminders of existing, unchanged reporting requirements

Accuracy of the OUI date reported is important because HUD will now use the OUI date to track the severity of a delinquency.

II. Changes requiring mortgagee action

1. report all accounts that are 30 days delinquent as of the last day of the month, beginning with the October 2006 reporting cycle, due to HUD no later than 5th business day of November (11/07/06).
2. mortgagees are not barred from submission of delinquency data throughout the month. However, early or late submissions may result in the data being incorrectly identified by HUD as representing the status for a wrong reporting cycle.
3. Mortgagees must begin **every** new delinquency episode by reporting Status Code 42.
4. Updated Delinquency/Default Status (DDS) Codes (see Parts IV, V, and Master List)
5. Mortgagees will not be considered non-compliant for using DDR Code 31, Unable to Contact Borrower, when the specific reason for delinquency/default is unknown on a mortgage that is less than 90 days delinquent.
6. Multiple Status Code Reporting in the Same Month will be Accepted
7. Separate status codes are available to identify the type of bankruptcy action filed and the status date will identify the date of the bankruptcy filing (See Part V).
8. Mortgagees are expected to retrieve on-line error reports and submit any necessary corrections by the fifth business day.
9. New "R4" fatal error code will reflect when the OUI reported is not logical for the case in question.
10. mortgagees will need to report Status Code 22 (Loan Transfer) notifying SFDMS that there was a transfer in servicing. (both sending and acquiring lenders).
11. When using occupancy status code 3, known to be vacant, mortgagee must provide the date that the mortgagee determined the property became vacant.

III. Changes not requiring mortgagee action

1. HUD will provide an on-line error report via the FHA Connection the next business day following receipt of delinquency data via Electronic Data Interchange (EDI) transmission.
2. Transaction Sets 824 provided by EDI will continue, but HUD will no longer issue/mail the "Confirmation Letters" and SFDMS Error Reports.
3. Enhanced interface between the SFDMS and HUD's Insurance-In-Force system (A43) via FHA Connection that will automatically populate the following fields on new case entry: Mortgagor name, Social Security Number (SSN), Co-mortgagor name, Co-mortgagor SSN, street address, city, state, zip code and first payment to principal and interest.

IV. Updated Delinquency/Default Status (DDS) Codes – Definition Changes

1. Status Code 09 will be used to identify accounts where Special Forbearance agreements have been executed (whether type I or Type II), regardless of payment level.
2. Status Code 12 will be used to identify all other repayment agreements with the mortgagor(s), regardless of payment level.
3. Status Code 20 will be used if the mortgagor reinstated on his or her own (including a refinance) that do not involve any loss mitigation claim.
4. Status Code 21 will be used to identify if the loan reinstated as a result of a sale of the property using a loan assumption, and
5. Status Code 25 (cancel) to correct a code previously reported in error. The correct status code should then be reported to ensure that HUD has the correct status of the loan.

V. Added Delinquency/Default Status (DDS) Codes

1. Status Code 98 will be used to identify if the reinstatement was at all aided by the use of a formal loss mitigation intervention (special forbearance, modification, or partial claim).
2. Status Code 1A when the foreclosure sale is held,
3. Status Code 1G when eviction takes place, and
4. Status Code 77 when the foreclosure deed is recorded.
5. Status Code 65 Mortgagor filed petition of bankruptcy under Chapter 7.
6. Status Code 66 Mortgagor filed petition of bankruptcy under Chapter 11.
7. Status Code 67 Mortgagor filed petition of bankruptcy under Chapter 13.
8. Status Code 59 Mortgagor filed petition of bankruptcy under Chapter 12.
9. Status Code 69 Bankruptcy Plan Confirmed.
10. Status Code 76 Bankruptcy Court Clearance Obtained.
11. Status Code AO Ineligible for Loss Mitigation.

VI. Dropped Delinquency/Default Status (DDS) Codes

1. Status Code 19, Partial Reinstatement
2. Status Code 39, pre-claim enrolled
3. Status Code 41, supplemental pre-claim
4. Status Code 43, foreclosure started
5. Status Code 45, foreclosure completed

Attachments - Master List of DDS Codes (removed, existing and new)
Master List of DDR Codes (existing and new)

delinquent/default status (DDS) codes

| <i>StatusCode</i> | <i>acct_flag</i> | <i>HUD Definitions: DDS Code</i> | <i>use category</i> |
|-------------------|------------------|--|---------------------|
| 19 | remove | Partial Reinstatement | remove |
| 39 | remove | Preclaim – Enrolled | remove |
| 41 | remove | Supplemental Preclaim | remove |
| 43 | remove | Foreclosure Started | remove |
| 45 | remove | Foreclosure Completed | remove |
| 24 | AD | Government Seizure | existing |
| 31 | AD | Probate | new |
| 32 | AD | Military Indulgence | existing |
| 34 | AD | Natural Disaster | new |
| 42 | AD | Delinquent | existing |
| AS | AD | HUD FC Moratorium | new |
| 09 | AL | Special Forbearance | existing |
| 10 | AL | Partial Claim Started | existing |
| 12 | AL | Repayment Plan | existing |
| 15 | AL | Preforeclosure Acceptance Plan Available | existing |
| 26 | AL | Refinance started | existing |
| 28 | AL | Modification started | existing |
| 3B | AL | Pre-Qualification for 601 | existing |
| 44 | AL | Deed-in-Lieu Started | existing |
| AO | AI | Ineligible for Loss Mitigation | new |
| 20 | AR | Reinstated by Mortgagor Who Retains Ownership w/o LM incentive | existing |
| 21 | AR | Reinstated by Assumptor | existing |
| 98 | AR | Reinstated after Loss Mitigation intervention | new |
| 1A | AF | Foreclosure Sale Held | new |
| 1G | AF | Eviction Completed | new |
| 68 | AF | First Legal Action to Commence Foreclosure | existing |
| 77 | AF | Deed Recorded | new |
| 17 | CT | Preforeclosure Sale Closing Plan Accepted | existing |
| 46 | CT | Property Conveyed to Insurer | existing |
| 47 | CT | Deed-in-Lieu Completed & Conveyed | existing |
| 48 | CT | Claims without Conveyance of Title | existing |
| 49 | CT | Assignment Completed | existing |
| 13 | NC | Paid in Full | existing |
| 29 | NC | Charge-off | new |
| 30 | NC | Third Party Sale | existing |
| 73 | NC | Property Redeemed | new |
| 59 | AB | Chapter 12 Bankruptcy | new |
| 65 | AB | Chapter 7 Bankruptcy | new |
| 66 | AB | Chapter 11 Bankruptcy | new |
| 67 | AB | Chapter 13 Bankruptcy | new |
| 69 | AB | Bankruptcy Plan Confirmed | new |
| 76 | AB | Bankruptcy Court Clearance Obtained | new |
| 22 | AS | Servicing Transferred or Sold to Another Mortgagee | existing |
| 25 | AC | Cancel | existing |

Account flags are based on the DDS reported, and are used internally by HUD: AD = active, in default; AL = active with Loss mit; AF = active, in foreclosure; AI = Ineligible for Loss Mit. AR = del cured; AB = Bankruptcy; NC = closed; CT = closed by claim termination

delinquent/default reason (DDR) codes

| <i>use category</i> | <i>ReasonCd</i> | <i>DDR Code Definition</i> |
|---------------------|-----------------|---|
| <i>existing</i> | 01 | Death of Principal Mortgagor |
| | 02 | Illness of Principal Mortgagor |
| | 03 | Illness of Mortgagor's Family Member |
| | 04 | Death of Mortgagor's Family Member |
| | 05 | Marital Difficulties |
| | 06 | Curtailment of Income |
| | 07 | Excessive Obligations – Same Income, Including Habitual Nonpayment of Debts |
| | 08 | Abandonment of Property |
| | 09 | Distant Employment Transfer |
| | 10 | Neighborhood Problem |
| | 11 | Property Problem |
| | 12 | Inability to Sell Property |
| | 13 | Inability to Rent Property |
| | 14 | Military Service |
| | 15 | Other |
| <i>new</i> | 16 | Unemployment |
| | 17 | Business Failure |
| | 19 | Casualty Loss |
| | 22 | Energy–Environment Cost |
| | 23 | Servicing Problems |
| | 26 | Payment Adjustment |
| | 27 | Payment Dispute |
| | 29 | Transfer of Ownership Pending |
| | 30 | Fraud |
| | 31 | Unable to Contact Borrower |
| | INC | Incarceration |